

## § 938.5

nonmember mortgagee under paragraphs (a) and (b) of this section, the Bank may, at its discretion, permit such member or nonmember mortgagee to finance repayment of the obligation described in paragraph (a)(2) of this section by receiving an advance that complies with sections 10 or 10b of the Act and part 935 of this chapter.

### § 938.5 Additional provisions applying to all standby letters of credit.

(a) *Written policy; other requirements.* Each standby letter of credit issued or confirmed by a Bank shall:

(1) Be issued or confirmed only in compliance with a written policy, developed and implemented by the Bank to govern its standby letter of credit programs, that:

(i) Is consistent with the provisions of the Act and this part;

(ii) Sets forth credit underwriting criteria, consistent with the provisions of § 935.5 of this chapter, to be applied in evaluating applications for standby letters of credit and renewals thereof;

(iii) Sets forth criteria regarding the pricing of standby letters of credit, including any special pricing provisions for letters of credit that facilitate the financing of projects that are eligible for any of the Banks' CICA programs under part 970 of this chapter; and

(iv) Provides that, for any draw made by a beneficiary under a standby letter of credit, the applicant will be charged a processing fee calculated in accordance with the requirements of § 943.6(b) of this chapter;

(2) Contain a specific expiration date, or be for a specific term; and

(3) Require approval in advance by the Bank of any transfer of the standby letter of credit from the original beneficiary to another person or entity;

(b) *Additional collateral provisions.* (1) A Bank may take such steps as it deems necessary to protect its secured position on standby letters of credit, including requiring additional collateral, whether or not such additional collateral conforms to the requirements of §§ 938.2 or 938.3 of this part.

(2) Collateral pledged by a member or nonmember mortgagee to secure a letter of credit issued or confirmed on its behalf by a Bank shall be subject to the

## 12 CFR Ch. IX (1–1–99 Edition)

provisions of §§ 935.9(b), 935.9(d), 935.9(e), 935.10, 935.11 and 935.12 of this chapter.

### PARTS 939–940 [RESERVED]

### PART 941—OPERATIONS OF THE OFFICE OF FINANCE

Sec.

941.1 Definitions.

941.2 General.

941.3 Federal Housing Finance Board oversight.

941.4 Office of Finance.

941.5 Functions of the Office of Finance.

941.6 Director of the Office of Finance.

941.7 Office of Finance Board of Directors.

941.8 Powers of the Office of Finance Board of Directors.

941.9 Duties of the Office of Finance Board of Directors.

941.10 Meetings of the Office of Finance Board of Directors.

941.11 Budget, funding and expenses.

941.12 Savings clause.

AUTHORITY: 12 U.S.C. 1422b, 1431.

SOURCE: 57 FR 2834, Jan. 24, 1992, unless otherwise noted.

#### § 941.1 Definitions.

In this part, the following terms mean:

*Bank.* A Federal Home Loan Bank.

*Bank Act.* The Federal Home Loan Bank Act.

*Bank System.* The Federal Home Loan Bank System, consisting of the twelve Federal Home Loan Banks and including the Office of Finance as a joint office of the Federal Home Loan Banks.

*Chair.* The Chairperson of the Office of Finance Board of Directors.

*Consolidated obligation.* A Federal Home Loan Bank consolidated debenture, bond or note issued under authority of section 11 of the Federal Home Loan Bank Act, as amended (12 U.S.C. 1431).

*Director.* The Director of the Office of Finance.

*Finance Board.* The Federal Housing Finance Board.

*OF Board of Directors.* The three member administrative body responsible for management of the Office of Finance.